

used in connection with gas wells, and expenditures for the testing, cleaning, stimulating and/or recompletion of gas wells.

No expenditures shall be included in gas production expenditures unless the same shall be properly chargeable to the fixed property accounts of the Company in accordance with sound accounting practice. When a well is completed as a dry hole, no expenditures made in drilling the same which have not theretofore been included in a certificate of the Company under Section 4.03 or Section 4.06 shall thereafter be included in gas production expenditures.

"The term 'gas production property' shall mean and include gas leasehold estates covering proven gas acreage, gas wells and all other property of the character described in the foregoing paragraph acquired or constructed through gas production expenditures.

"The term 'Pacific acreage', as used in this Indenture, shall mean and include (i) any of the acreage covered by gas leasehold estates acquired by the Company upon the merger of Pacific into it on December 31, 1959 and (ii) any of the acreage covered by gas leasehold estates acquired by the Company from Northwest Production Corporation under the circumstances contemplated in clause (p) of the third paragraph of Section 1.09, in either case whether or not at the time of such acquisition such acreage was proven gas acreage.

"The date of acquisition of any gas leasehold estates acquired by the Company upon the merger of Pacific into it shall be deemed to be December 31, 1959, and the date of acquisition of any gas leasehold estates acquired by the Company from Northwest Production Corporation shall be deemed to be the date upon which such acquisition becomes effective."

SECTION 8. Section 1.13B of the Mortgage is hereby modified

(a) by changing the first paragraph of said Section to read as follows:

"SECTION 1.13B. The term 'bondable value of gas production expenditures', shall mean, as to each field

(A) the aggregate of all gas production expenditures, as defined in Section 1.13A, made by the Company up to a specified date, not earlier than 120 days prior to the filing with the Corporate Trustee of the latest certificate pursuant